



OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY AGENDA REPORT

MEETING DATE: 1/27/16 **CONTROL NO:** **ITEM NO:** 2

TO: CHAIR AND MEMBERS OF THE OVERSIGHT BOARD

SUBJECT: RESOLUTION NO. OB 16-40 - A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY APPROVING PROPOSED ADMINISTRATIVE BUDGETS FOR THE SIX-MONTH FISCAL PERIODS FROM JULY 1, 2016 THROUGH DECEMBER 31, 2016 AND FROM JANUARY 1, 2017 THROUGH JUNE 30, 2017, AND TAKING RELATED ACTIONS

FROM: Justine Menzel, Deputy Executive Director

PRESENTATION BY: Justine Menzel, Deputy Executive Director

BACKGROUND

Pursuant to Section 34177(j) of the California Health and Safety Code ("HSC"), the Successor Agency is required to prepare a proposed administrative budget for each six-month fiscal period, which must be submitted to the Oversight Board for approval. Each proposed administrative budget must include all of the following: (1) estimated amounts for Successor Agency administrative costs for the applicable six-month fiscal period; (2) proposed sources of payment for the administrative costs; and (3) proposals for arrangements for administrative and operations services provided by the City of Artesia (the "City") or other entity.

HSC Section 34177 is unclear regarding the required timing for the submission of the proposed administrative budgets to the Oversight Board. However, because the Successor's Agency's administrative expenditures also have to be reflected on the Successor Agency's Recognized Obligation Payment Schedules ("ROPS"), the administrative budgets should be consistent.

Previously, the Successor Agency was required to prepare a ROPS for each six-month fiscal period (from July 1 through December 31, and from January 1 through June 30, respectively). SB 107, which was enacted in September 2015, amended HSC Section

34177, to provide that, beginning with fiscal year 2016-17, the Successor Agency must prepare a ROPS annually (instead of twice a year). HSC Section 34177(o) provides that the Successor Agency must submit an Oversight Board-approved ROPS for fiscal year 2016-17 ("ROPS 16-17") to the State Department of Finance ("DOF") and the County Auditor-Controller no later February 1, 2016. The proposed ROPS 16-17 is being presented to the Oversight Board for consideration and approval pursuant to a separate resolution. Staff recommends that the Oversight Board approve Administrative Budget 16-17A and Administrative Budget 16-17B on the same date as the Oversight Board's approval of ROPS 16-17.

Pursuant to HSC Section 34179(h)(1), which was added by SB 107, Oversight Board resolutions approving the Successor Agency's administrative budgets are no longer required to be submitted to the DOF for approval. Therefore, Resolution No. OB 16-40 will become effective immediately upon adoption.

FISCAL IMPACT

Under HSC Section 34171(b), the "Administrative Cost Allowance" is the maximum amount of administrative costs that may be paid by the Successor Agency from property tax revenues allocated by the County Auditor-Controller (i.e., disbursements from Redevelopment Property Tax Trust Fund). The Successor Agency's annual administrative costs (except for administrative costs paid from bond proceeds or grant funds) must not exceed 50 percent of the total RPTTF moneys distributed to pay enforceable obligations in the preceding fiscal year (which latter amount must be reduced by the Successor Agency's Administrative Cost Allowance during the preceding fiscal year). Subject to the foregoing, commencing July 1, 2016, and for each fiscal year thereafter, the Administrative Cost Allowance is the greater of: (i) \$250,000 fiscal year, or (ii) 3 percent of the actual property tax distributed to the Successor Agency by the County auditor-controller in the preceding fiscal year for payment of approved enforceable obligations, reduced by the Successor Agency's administrative cost allowance during the preceding fiscal year.

RECOMMENDATION

By Minute Motion that the Oversight Board adopt Resolution OB 16-40 approving the Successor Agency's Administrative Budget 16-17A and Administrative Budget 16-17B.

ATTACHMENTS

Resolution No. OB 16-40, with Administrative Budget for the six-month fiscal period from July 1, 2016 through December 31, 2016, as Exhibit A, and Administrative Budget for the six-month fiscal period from January 1, 2017 through June 30, 2017 as Exhibit B.

PROPOSED ADMINISTRATIVE BUDGET

Per AB 26 - Section 34177 (j)*

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2016-2017**	Funding Source***	Payable from Successor Agency Funds Administrative Allowance****1					
							6 month estimated amounts for July-December 2016					
											Jul-Dec	Total
1)	Salaries/benefits	Employees of City/Agency	Payroll for admin./oper. of agency	3,925,805.00	155,685.00	RPTTF/AA					77,843.00	\$ 77,843.00
2)	Rent	City of Artesia	Overhead, utilities, supplies, insurance...	5,115,000.00	165,000.00	RPTTF/AA					82,500.00	\$ 82,500.00
3)	Legal services	Richards, Watson,.....	Legal fees for agency	1,920,000.00	10,000.00	RPTTF/AA					5,000.00	\$ 5,000.00
4)	Contract services	Kelly Associates Mgmt Grp	Professional project/housing services	0.00	0.00	RPTTF/AA					0.00	\$ -
5)	Lobbyist	Cline & Duplissea	Lobbyist services	90,750.00	3,000.00	RPTTF/AA					1,500.00	\$ 1,500.00
6)	Business resources	Artesia Chamber of Comm	Business Resource Assistance	91,500.00	3,000.00	RPTTF/AA					1,500.00	\$ 1,500.00
7)	Accounting services	Deb's Bookkeepplus	Specialized accounting/reporting	116,568.00	2,000.00	RPTTF/AA					1,000.00	\$ 1,000.00
8)	Auditors	White Nelson Diehl Evans	CPAs for financial audit of agency	109,784.00	4,378.00	RPTTF/AA					4,378.00	\$ 4,378.00
9)	Oversight Board	CJPIA	Special Liability Insurance Program	1,300.00	1,300.00	RPTTF/AA					1,300.00	\$ 1,300.00
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*Requires approval of Oversight Board

**All total due during fiscal year and payment amounts are projected

***Funding sources from the successor agency RPTTF/AA - Redevelopment Property Tax Trust Fund/Administrative Allowance

****Administrative Cost Allowance

1 - Administrative and operations services are proposed to be provided by the City pursuant to a cooperative agreement with the Successor Agency

PROPOSED ADMINISTRATIVE BUDGET

Per AB 26 - Section 34177 (j)*

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year 2016-2017**	Funding Source***	Payable from Successor Agency Funds Administrative Allowance****1					
							6 month estimated amounts for January - June 2017					
											Jan-Jun	Total
1)	Salaries/benefits	Employees of City/Agency	Payroll for admin./oper. of agency	3,847,963.00	155,685.00	RPTTF/AA					77,842.00	\$ 77,842.00
2)	Rent	City of Artesia	Overhead, utilities, supplies, insurance...	5,032,500.00	165,000.00	RPTTF/AA					82,500.00	\$ 82,500.00
3)	Legal services	Richards, Watson,.....	Legal fees for agency	1,920,000.00	10,000.00	RPTTF/AA					5,000.00	\$ 5,000.00
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Totals - Other Obligations				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -
Grand total - All Pages				\$ 11,207,365.00	\$ 344,363.00		\$ -	\$ -	\$ -	\$ -	\$ 169,342.00	\$ 169,342.00

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****Administrative Cost Allowance

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RESOLUTION NO. OB 16-40

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY APPROVING PROPOSED ADMINISTRATIVE BUDGETS FOR THE SIX-MONTH FISCAL PERIODS FROM JULY 1, 2016 THROUGH DECEMBER 31, 2016, AND FROM JANUARY 1, 2017 THROUGH JUNE 30, 2017, AND TAKING RELATED ACTIONS

WHEREAS, pursuant to Health and Safety Code Section 34177(j), the Successor Agency to the Artesia Redevelopment Agency (the “Successor Agency”) must prepare a proposed administrative budget for each six-month fiscal period (commencing each January 1 and July 1) and submit each proposed administrative budget to the oversight board of the Successor Agency (the “Oversight Board”) for approval; and

WHEREAS, the Successor Agency’s proposed administrative budgets for the six-month fiscal periods from July 1, 2016 through December 31, 2016 (“Administrative Budget 16-17A”) and from January 1, 2017 through June 30, 2017 (“Administrative Budget 16-17B,” together with Administrative Budget 16-17A, the “Administrative Budgets”) have been presented to this Oversight Board for approval;

NOW, THEREFORE, THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY HEREBY FINDS, DETERMINES, RESOLVES, AND ORDERS AS FOLLOWS:

Section 1. The above recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Oversight Board hereby approves Administrative Budget 16-17A, substantially in the form attached hereto as Exhibit A.

Section 3. The Oversight Board hereby approves Administrative Budget 16-17B, substantially in the form attached hereto as Exhibit B.

Section 4. The Staff of the Successor Agency are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution and the Administrative Budgets, including making any adjustment to the proposed Administrative Budgets to make them consistent with the Successor Agency’s Recognized Obligation Payment Schedule for fiscal year 2016-17 (as such Recognized Obligation Payment Schedule is approved by the State Department of Finance).

Section 5. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution which can be given effect without the invalid provision or application, and to this end, the provisions of this Resolution are severable. The Oversight Board hereby declares that it

would have adopted this Resolution regardless that one or more portion may be determined to be invalid.

PASSED AND ADOPTED this 27th day of January, 2016.

Kathrin Wardle, Vice Chair

ATTEST:

Gloria Considine, Secretary

EXHIBIT A

SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY

ADMINISTRATIVE BUDGET 16-17A

EXHIBIT B

**SUCCESSOR AGENCY TO THE ARTESIA REDEVELOPMENT AGENCY
ADMINISTRATIVE BUDGET 16-17B**